

Policy Brief



Neapolis University Pafos, Cyprus
AI-2-TRACE-CRIME
Jean Monnet Center of Excellence



Co-funded by
the European Union

Recovering the Proceeds of Crime:

FATF Guidance on Asset Recovery and Best Practices

NUP Jean Monnet / UNESCO Policy Briefs

33/2025



Co-funded by
the European Union



**Neapolis
University
Pafos**

UNESCO Chair in Human
Development, Security & the
Fight against Transnational
Crime and Illicit Trafficking in
Cultural Property



unesco
Chair

The NUP Jean Monnet / UNESCO working papers and policy briefs can be found at:

<https://www.nup.ac.cy>

Publications in the Series should be cited as:

AUTHOR, TITLE, NUP UNESCO/JEAN MONNET WORKING PAPER or POLICY BRIEF NO. x/YEAR [URL]

Copy Editor: G. Pavlidis

© AI-2-TRACE CRIME

Neapolis University Pafos, School of Law

Pafos, 8042, Cyprus

All rights reserved. No part of this paper may be reproduced in any form without the permission of the author.

Frontpage picture: Free image by Gerd Altmann from Pixabay

The support of the European Commission and of UNESCO for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors; the European Commission and UNESCO cannot be held responsible for any use which may be made of the information contained therein.

Recovering the Proceeds of Crime:

FATF Guidance on Asset Recovery and Best Practices

Executive Summary

The FATF Asset Recovery Guidance and Best Practices (2025) constitutes an important development in global asset-recovery standards. Following amendments to Recommendations 4 and 38 and related interpretive notes, the new framework redefines confiscation as a central pillar of AML/CFT systems. It requires countries to move from limited enforcement of confiscation orders to proactive, performance-driven recovery of illicit assets.

The Guidance elaborates on the full lifecycle of asset recovery — from tracing and freezing, to confiscation, repatriation, and responsible reuse — and introduces new tools such as non-conviction-based (NCB) confiscation, extended confiscation, transaction suspensions, and asset-management safeguards. It underscores the principle that crime must not pay, promoting domestic coordination, international cooperation, and human-rights-compliant practices.

While the new standards raise effectiveness expectations for all jurisdictions, they also entail legal, institutional, and operational challenges. Success will depend on political commitment, adequate resources, professional asset-management capacity, and the safeguarding of due process.

Keywords

Asset Recovery, Confiscation, Non-Conviction-Based Confiscation, International Co-operation, FATF Recommendations, Beneficial Ownership, Provisional Measures, Return of Assets, AML/CFT.

Background

The FATF revised its Recommendations on asset recovery and related international co-operation in October 2023 and made corresponding changes to the FATF's Assessment Methodology in June 2024.

The update reflects long-standing concerns that, globally, only a small fraction of criminal proceeds is ever recovered. The new standards respond to evidence gathered from FATF and FSRB mutual evaluations showing that countries often lack comprehensive strategies, legal flexibility, and coordination among law-enforcement, prosecutorial, and asset-management bodies.

The revised approach defines asset recovery as the full process of identifying, tracing, freezing, seizing, confiscating, managing, and disposing (including returning or sharing) criminal property and property of corresponding value.

The FATF Guidance is designed to assist jurisdictions in implementing these enhanced standards through concrete measures and examples, combining technical interpretation with best practices that go beyond the minimum FATF requirements.

1. Detection and Identification:

Authorities first uncover indications of illicit proceeds through financial-intelligence analysis, suspicious-transaction reports, supervisory alerts, cross-border information exchanges, or leads generated in parallel financial investigations.

2. Tracing and Analysis: Investigators then follow the money trail by examining bank records, beneficial-ownership information, open-source and commercial intelligence, forensic-accounting data, and international cooperation outputs, in order to map assets, intermediaries, structures, and jurisdictions.

3. Freezing and Seizure (Provisional Measures):

To prevent dissipation, competent authorities secure assets through freezing orders, seizure warrants, and interim preservation measures, while ensuring the protection of bona fide third-party rights and applying proportionality rules.

4. Evidence Building and Financial Profiling: Investigations deepen to establish the illicit origin or criminal linkage of assets through forensic accounting, financial profiling, analysis of commingled or transformed assets, and the gathering of admissible evidence that meets relevant domestic standards of proof.

5. Confiscation Proceedings (Criminal or Non-Conviction Based):

Confiscation is pursued through criminal conviction-based procedures, non-conviction-based mechanisms where appropriate (e.g., absconding or death of the suspect), extended or value-based confiscation regimes, and other judicial pathways consistent with domestic law and procedural safeguards.

6. Post-Confiscation Asset Management:

Following (or during) confiscation, competent authorities or specialised agencies manage assets by maintaining, insuring, storing, or selling them; appointing external administrators; handling complex assets such as companies or crypto-assets; and taking steps to preserve or maximise value.

7. Victim Restitution and Compensation:

Where victims exist, confiscated assets may be returned directly through restitution or compensation orders, channelled via victim-compensation schemes, or distributed proportionally among multiple claimants, ensuring alignment with victims' rights and reparation principles.

8. International Cooperation and Asset Return:

Cross-border elements are addressed through mutual legal assistance, joint investigation teams, ARO-to-ARO exchanges, recognition of foreign freezing/confiscation orders, and asset-sharing or return arrangements pursuant to international frameworks (UNCAC, UNTOC, FATF standards).

9. Disposal and Social Reuse:

Once restitution claims are satisfied, remaining assets may be transferred to the state budget, reinvested in law-enforcement or anti-corruption initiatives, allocated to specialised confiscation funds, or repurposed for community, social, or public-interest projects.

10. Oversight, Monitoring, and Transparency:

To maintain integrity and public confidence, authorities implement audit trails, reporting obligations, parliamentary or independent oversight mechanisms, and transparency tools (including registers or public reporting) covering confiscated assets and their final use.

Policy Directions and Key Measures

Asset Recovery as a Policy Priority: Countries should treat asset recovery as a strategic component of their AML/CFT systems. This entails dedicated policy frameworks, national coordination bodies, and specialised units with adequate resources and training. Political will and measurable targets are critical to making confiscation results a key indicator of system effectiveness.

Financial Investigations and Beneficial Ownership: Financial investigations must be initiated proactively in all proceeds-generating offences. Authorities need timely access to financial, tax, and beneficial-ownership data to trace assets and uncover indirect control structures. Technological tools, inter-agency data access, and public-private partnerships are vital to detect and document illicit assets efficiently.

Provisional Measures and Value Preservation: The Guidance expands provisional tools allowing competent authorities or FIUs to suspend or withhold suspicious transactions, freeze or seize assets swiftly, and manage them to prevent depreciation. Pre-seizure planning, valuation, and interim management (including sale of perishable assets) are encouraged to preserve value for eventual return or compensation.

Comprehensive Confiscation Toolkit: Countries must establish a full range of confiscation powers, including conviction-based, extended, and non-conviction-based confiscation, as well as unexplained wealth mechanisms requiring owners to demonstrate lawful origin. Safeguards for bona fide third parties and judicial review remain mandatory.

International Co-operation and Asset Return: Recognising the cross-border nature of crime, FATF standards promote agile cooperation through both informal and formal channels. Countries should be able to enforce foreign provisional and final orders efficiently and engage in proactive information exchange. Mechanisms for transparent and accountable return, sharing, or repurposing of recovered assets are strongly encouraged.

Human Rights and Proportionality: The FATF standards reaffirm that confiscation powers must respect due process, judicial oversight, and the principle of proportionality. Effective safeguards, remedies, and oversight mechanisms protect against misuse or politically motivated confiscations, thereby reinforcing legitimacy and public trust.

Implications and Challenges

The FATF 2025 Guidance contributes to global efforts for transforming asset recovery from a compliance exercise into a measurable indicator of AML/CFT performance.

Jurisdictions are now expected to demonstrate tangible results—assets frozen, confiscated, managed, and returned—rather than simply possessing legal powers.

However, implementation poses several challenges: institutional capacity deficits, legal constraints, resource burdens, and cross-border complexity.

Overcoming these challenges requires investment in training, technology, inter-agency coordination, and the embedding of asset recovery in national risk assessments and policy strategies.

Practitioner's Corner:

Operational Insights & Strategic Considerations

Adopt a National Asset-Recovery Strategy: Define objectives, responsible authorities, and performance indicators aligned with FATF Immediate Outcome 8.

Integrate Financial Investigations Early: Link criminal investigations with FIU analyses to identify assets before charges are filed.

Implement NCBC and UWOs: Ensure enabling legislation and judicial safeguards for non-conviction-based and unexplained-wealth proceedings.

Establish Professional Asset Management Offices: Use dedicated agencies or accredited service providers to manage and dispose of assets transparently.

Leverage Asset Recovery Inter-Agency Networks (ARIN) Networks: Join regional inter-agency networks to exchange information and trace assets abroad quickly.

Ensure Transparent Asset Return: Create legal frameworks for restitution, compensation, or social reuse of confiscated funds with full public reporting.

Protect Rights and Build Trust: Maintain proportionality, independent oversight, and clear appeals mechanisms to prevent abuse.

Concluding Remarks

The FATF 2025 Guidance re-positions asset recovery not merely as an ancillary objective of anti-money laundering and countering the financing of terrorism (AML/CFT) regimes, but as a measurable and rights-compliant pillar of financial integrity and global justice. This represents a conceptual shift: asset recovery is no longer treated as a technical or procedural afterthought, but as a central indicator of a jurisdiction's capacity to deprive criminals of illicit gains while upholding due process and human rights standards.

Yet, translating this renewed ambition into results will test the political will and institutional resilience of national systems. The FATF's emphasis on effectiveness—a principle already reflected in its assessment methodology—underscores that progress will not be judged by the existence of legal frameworks alone, but by tangible outcomes: assets traced, seized, confiscated, managed, and ultimately returned to victims or societies harmed by crime. This outcome-based orientation raises the bar for Member States, which will now need to demonstrate not only compliance on paper but also operational impact in practice.

The success of this framework will depend on whether jurisdictions can transform policy rhetoric into operational reality. This means equipping competent authorities with the legal powers, resources, and inter-agency coordination mechanisms required to act swiftly and responsibly. It also entails ensuring sound asset management, preventing the dissipation or misappropriation of frozen assets, and establishing transparent procedures for the return of confiscated proceeds, particularly in transnational cases where multiple jurisdictions have competing claims.

Importantly, the Guidance situates asset recovery within a broader governance and human rights context. The FATF explicitly links the integrity of financial systems to the legitimacy of states' actions in combating crime. Recovering assets cannot come at the expense of procedural fairness, privacy, or property rights; on the contrary, the legitimacy of confiscation measures depends on their proportionality, accountability, and adherence to due process. This dual emphasis—on both effectiveness and rights-compliance—signals a more mature, sustainable vision of asset recovery that balances deterrence with justice.

From a strategic perspective, political leadership, inter-agency collaboration, and international solidarity will be indispensable. Political commitment is necessary to ensure prioritization, adequate funding, and institutional independence. Collaboration across law enforcement, financial intelligence units, prosecutors, and asset management offices will determine the coherence of national approaches. Finally, given the cross-border nature of most financial crimes, international cooperation—including the mutual recognition of confiscation orders, data sharing, and joint investigation teams—will be the decisive factor in transforming principles into results.

Further Reading

- FATF (2025), Asset Recovery Guidance and Best Practices, Paris ([link](#))